



# Department of Commerce

Innovation is in our nature.

## Frequently Asked Questions:

# Public Facilities District Financial Feasibility Reviews

## Background

In 2008, the Greater Wenatchee Regional Events Center Public Facilities District issued \$42 million in three-year bond anticipation notes. The PFD was not able to refinance the notes into long-term bonds as originally intended and defaulted on the notes when they came due in December 2011.

Substitute Senate Bill 5984 (Chapter 4, Laws of 2012), signed into law on March 1, provided the jurisdictions involved in the default with new taxing authority to be able to repay the debt over time. The law also established a new “independent financial feasibility review” requirement related to PFDs.<sup>1</sup>

## When is a review needed?

The independent financial feasibility review must take place before:

- A new PFD is formed
- A PFD issues new debt
- Before “the long-term lease, purchase, or development of a facility” by a PFD.”<sup>2</sup>

Debt issuances for the sole purpose of refinancing existing debt do not require a review.

## Who conducts the review?

The review must be conducted by the Department of Commerce (Commerce) through the Municipal Research and Services Center of Washington (MRSC) or another state agency, educational institution or private consulting firm.<sup>3</sup>

## What happens to the review after it is completed?

The law provides that the finished review is a public document that must be submitted to the PFD, participating cities and counties, state officials and the state Legislature.<sup>4</sup>

“An independent financial feasibility review ... is required to be performed prior to any of the following events:

(a) The formation of a public facilities district...;

(b) The issuance of any indebtedness, excluding the issuance of obligations to refund or replace such

indebtedness, by a public facilities district...; or

(c) The long-term lease, purchase, or development of a facility...”

– RCWs 36.100.025, 35.57.025

## Statutory Authority

RCW 36.100.025 (County PFDs)  
RCW 35.57.025 (City PFDs)

## Contact Information

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<sup>1</sup> Sections 1(1) and 2(1)

<sup>2</sup> Sections 1(2) and 2(2)

<sup>3</sup> See RCW 43.110.080

<sup>4</sup> Sections 1(3) and 2(3)

## **What is the scope of the review?**

The law requires that the review “must examine the potential costs to be incurred by the PFD and the adequacy of revenues or expected revenues to meet those costs.” This would potentially include information from interlocal agreements between the PFD and other local governments, bond covenants, construction and operating contracts, the business plan for the facility, and other such documents.

## **How will the review paid for?**

The PFD, or local government proposing to form a new PFD, will bear the cost of the review. Typically, Commerce and the jurisdiction(s) will negotiate a cost recovery agreement under the Interlocal Cooperation Act (RCW 39.34). Commerce will select and contract with an independent party to perform the review. Commerce will pay the reviewer directly, and the jurisdiction(s) would reimburse Commerce for the review and associated costs.

## **How much will the review cost, and how long will it take?**

The cost and timeline for a review will vary with the size and complexity of the underlying activity being reviewed.<sup>5</sup> Commerce is committed to minimizing delays and additional costs associated with the review, while fulfilling the intent of the legislature. We will work with each PFD to complete the review as economically and expediently as possible.

## **How does a PFD request a review?**

If your jurisdiction needs a review for an upcoming project, please contact us using the email address or phone number below.

## **How can I stay informed about the financial feasibility review process?**

More information, including final versions of each review, is available at [www.commerce.wa.gov/PFDReviews](http://www.commerce.wa.gov/PFDReviews).

## **Who should I contact for more information?**

For questions about the PFD review process, please contact:  
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<sup>5</sup> Past PFD bond issuances have ranged in size from under \$5 million to over \$300 million.